



BARONESS HOLLIS LEADS EQUITY RELEASE DEBATE AT HOUSE OF LORDS

"It is distressing to see people unable to finance the retirement they need, while they are hanging onto an asset they could use"

(28th January 2009) Peers, Consumer organisations, Charities and Equity Release providers* joined together at a debate hosted by Baroness Hollis in the House of Lords last night. The event convened to discuss the future of equity release in retirement planning and the role of Safe Home Income Plans (SHIP), the trade body representing over 90% of the equity release sector.

Organisations such as the OFT, Financial Services Consumer Panel and HM Treasury debated the key challenges which need to be addressed in order to achieve a more significant use of safe equity release. This debate initiated a policy consultation process which will result in the publishing of a SHIP White Paper in Summer 2009.

The key themes debated were:

- Lack of consumer knowledge and understanding
- Definition of the 'equity release industry'
- How to combat the historically negative reputation
- Lack of developed distribution channels
- Attitude of Government policy towards retirement funding
- Confusion with unregulated products (e.g. SARB)

Baroness Hollis, speaking at the event, commented:

'It is distressing to see people unable to finance the retirement they need, while they are hanging onto an asset they could use. People don't always

understand longevity, and that they may have 30 years in retirement. Safe equity release could help them stay in their own homes for longer. We need to see pensions and housing together as a continuum of assets to be used both before and after retirement.”

Andrea Rozario, Director General of SHIP, commented:

“For many years it has been predicted that equity release will grow enormously in response to the gap in retirement funding. However, whilst there has been growth, it has been modest compared to the underlying assets and to the financial needs and aspirations of a growing retired population. The crude figures are that the amount of equity amongst retired people (even allowing for the recent downturn) is of the order of £ 841 billion. But the amount of equity released is running at only circa £1.2 billion per annum – a very small percentage of the equity in place.

“SHIP wishes to engender a policy debate to examine the issues and to establish whether, across a broad range of interested parties, there could be consensus that safe equity release really could be a more significant part of retirement funding and what steps could be taken to achieve this.”

- ENDS -

* = Data derived from analysis of information from Datamonitor and Office of National Statistics.

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SHIP Director General

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*** Full list of attendees**

Baroness Hollis

Lord Lipsey

Alex Edmans - SAGA

Caroline Gardner – Financial Services Consumer Panel

Phil Spears - EAC

Rachel Terry – Joseph Row tree Foundation

Peter Williams – Consultant in Housing & Mortgage matters

Matthew Whittaker – Resolution Foundation
Rachel Race – Social Care Strategy Unit
Michael Cornford – HM Treasury
Charles Wallace - OFT
Mervin Kohler – Help the Aged
Jane Vass – Age Concern
Stephen Burke – Counsel & Care
Scott Robertson – JP Morgan
Sara McLeish – Ernst & Young
Trish Hannifin – Legal Support Services
Claire Barker - ERSA
Jayne Almond - Stone haven
Ged Hosty – In Retirement Services
Anthony Rafferty – Norwich Union
Helen McCarthy - Prudential
Dean Mirfin – Key Retirement Solutions
Ian Owen – Partnership Home Loans
Steve Kyle – Just Retirement
Andrea Rozario- SHIP

About SHIP:

Safe Home Income Plans (SHIP) is the UK trade body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.